GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:2937
ANSWERED ON:18.12.2008
EXCISE DUTY ON MRP OF MEDICINES
Rao Shri Devarakonda Vittal

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government introduced excise duty on maximum retail price of medicines to plug the loopholes of excise evasion and to control the maximum retail prices (MRP) of medicines ;

(b) if so, whether with introduction of series of new brands of medicines by the same company based on the same active pharmaceutical ingredients in the excise exempted states has rendered the drug price control order redundant;

(c) if so, the details thereof;

(d) whether the Government has received any proposal to exempt the independent small scale phrma units in the non exempted States from the provisions of drug price control order upto a turn over of Rs. 10 crores per annum;

(e) if so, the details thereof;

(f) whether such request would not lead to substantial competition and reduction in prices especially of essential and anti-cancer drugs; and

(g) if so, the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF MINES (SHRI B.K.HANDIQUE)

(a)to(c): Prior to 8.1.2005, drugs and medicines were leviable to excise duty on transaction value (ex-factory price). There were wide variations between ex-factory prices and the assessable value of drugs for excise duty purpose resulting in disputes and litigations. With a view to provide certainty in assessment, Ministry of Finance in consultation with concerned drug manufacturers associations, the Administrative Ministry and the National Pricing Authority, has brought allopathic drugs under the levy of excise duty on the basis of retail price required to be declared on the packages of such drugs under the Drugs (Price Control), Order, 1995, with effect from 8.1.2005.

(d):No such proposal is under active consideration of this Department.

(e)to (g): In view of reply to (d) above, does not arise.